

Lemon Tree books long stay in W Asia despite conflict

Fleur Hotels demerger expected by April next year; tech bets to expand Keys brand

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Lemon Tree Hotels, India's largest player in the midscale hotel segment by number of rooms, is taking a long-term bet on West Asia as it plans to expand in the region despite volatility following the Iran-Israel-US conflict.

"While there is no travel in the region currently, one must understand that this is not a permanent situation. Once a resolution comes, there will be a new normal. And for places like Dubai, Qatar, and Oman, there will be opportunities for Indians in reconstruction," Lemon Tree Hotels' Executive Chairman Patanjali G Keswani told *Business Standard* in an exclusive interaction.

West Asia will be a larger play among its international hotels, which currently include one Lemon Tree Premier in

Dubai, another in Bhutan, and three in Nepal, one of which is a resort. The BSE-listed company, with 10,956 rooms across 121 hotels, wants to dominate the mid-market opportunity.

"If I want to capture the Indian consumer, I will have to expand globally wherever the outbound Indian traveller goes," Keswani added, noting the company's potential foray into Southeast Asian markets, including Phuket and Chiang Mai in Thailand.

According to provisional data provided by the Ministries of Tourism and Culture, 32.71 million Indian national departures were recorded in 2025 — a growth of 5.9 per cent from a year earlier. Of the total outbound travel, the United Arab Emirates accounts for the largest share, with over 8.6 million arrivals from India.

The country's third-largest hospital-ity chain, which went through a reorgan-



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Executive Chairman, Lemon Tree Hotels

focus on technology, brand distribution, and management.

Fleur Hotels is being demerged from Lemon Tree and is expected to be listed on the stock exchanges by April 2027. Warburg Pincus will buy out the entire 41 per cent holding of APG's stake in Fleur Hotels, which will dilute to 26 per cent after listing, while Lemon Tree will retain a 41 per cent holding as an associate.

"Fleur has a cash flow of \$100 million and an additional ₹960 crore coming in from American multinational private equity firm Warburg Pincus. Once we list, we will raise at least another \$200 million. We are agnostic about owning hotels in

isation exercise earlier this year, is also moving to an asset-light model. Keswani said this will support its global expansion plans.

Under this reorganisation, the group's asset ownership and operating structure will change, as the hotel assets currently owned by Lemon Tree will be transferred to Fleur Hotels, which will be the asset-heavy company that owns and hosts the hotels.

Lemon Tree Hotels, meanwhile, will

India or in any place where a large number of Indians travel," he said.

With Fleur and Lemon Tree unlocking value after the demerger, Keswani believes both companies will have enough firepower to gain market share. Lemon Tree plans to increase its room inventory by 50 per cent to 20,000 by 2028.

The company's Aurika brand is intended to scale in the premium-to-luxury segment, while the Red Fox and Keys brands will cater to the other end of the pricing spectrum.

The group operates seven brands — Aurika Hotels & Resorts (upscale); Lemon Tree Premier and Keys Prima (upper midscale); Lemon Tree Hotels and Keys Select (midscale); and Red Fox and Keys Lite (economy).

The company is also investing heavily in technology, nearly ₹100 crore over the past two years. In 2022, the group incorporated a subsidiary, Totally Foxed Solutions, which provides computer-related services, information technology consulting, and digital marketing.